

Message Text

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ACTION ARA-17

INFO OCT-01 ADP-00 CIAE-00 DODE-00 PM-09 H-02 INR-10 L-03

NSAE-00 NSC-10 PA-03 RSC-01 PRS-01 SS-15 USIE-00

SSO-00 CCO-00 NSCE-00 INRE-00 SY-10 USSS-00 M-03 A-01

PER-05 NEA-10 OC-06 OPR-02 RSR-01 /110 W

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FM AMEMBASSY MEXICO

TO SECSTATE WASHDC IMMEDIATE 5750

UNCLAS MEXICO 3093

E. O. 11652: GDS

TAGS: OGEN, PINS, APER, MX

SUBJECT: GUADALAJARA KIDNAPPING: PRESS COVERAGE

1. FOLLOWING IS MEDIA REACTION FOR USE OF LEONHARDY KIDNAPPING TASK FORCE. MEXICO CITY PRESS HAS NO EDITORIALS ON SUNDAYS. COVERAGE RUNS TO FIRST- PAGE HEADLINES. DEMANDS OF THE KIDNAPPERS ARE CAREFULLY SET FORTH. HUMAN INTEREST STORIES OF THE ARRIVAL OF MRS. LEONHARDY ALSO FRONT- PAGED. COVERAGE IS VOLUMINOUS, AS SUMMARIZED BELOW:

EL NACIONAL: TWO- LINE HEADLINE ANNOUNCES MEXICAN GOVERNMENT' S COMPLIANCE WITH DEMANDS OF THE KIDNAPPERS. SHORT STORY ON FRONT PAGE DEALS WITH THE THEME OF MEXICO' S " HUMANISTIC PHILOSOPHY" WITH REGARD TO PROTECTING THE LIFE OF LEONHARDY. PHOTO: MRS. LEONHARDY DESCENDING AIRPLANE STAIRS ON HER ARRIVAL IN GUADALAJARA. THE KIDNAPPERS' COMMUNIQUE AND VARIOUS OTHER ITEMS ARE ON PAGE SIX.

EL SOL: FRONT- PAGE HEADLINE ANNOUNCES THAT THE THIRTY PRISONERS ARE TO LEAVE FOR CUBA AT 7:00 A. M. IN RELATED ARTICLE, EL SOL GIVES DETAILS ON THE PRISONERS, INCLUDING PHOTOS OF SOME OF THEM ON THE BACK PAGE. ABOUT ONE- THIRD OF FRONT PAGE DEDICATED TO ARTICLES ON THE KIDNAPPING, INCLUDING AN INTERVIEW UNCLASSIFIED

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WITH MRS. LEONHARDY BY JAIME SALINAS, IN WHICH SHE ASKS THE KIDNAPPERS TO SPARE HER HUSBAND' S LIFE. A UPI STORY STATES THAT THE UCOULD BE DEMONSTRATED THAT THE IMBALANCE WAS SOON TO BE REVERSED WITHOUT SPECIFIC CORRECTIVE STEPS. WHEN

ACTION WAS CLEARLY APPROPRIATE, EACH INDIVIDUAL NATION WOULD HAVE BROAD FLEXIBILITY TO MAKE ITS OWN CHOICE AMONG INTERNATIONALLY ACCEPTABLE ADJUSTMENT MEASURES, AND EXCHANGE RATE MODIFICATIONS WOULD REPRESENT BUT ONE POSSIBLE CHOICE OUT OF A BROAD SPECTRUM OF POSSIBLE DOMESTIC OR INTERNATIONAL ACTIONS. FOR EXAMPLE, GREATER USE OF BORROWING FACILITIES COULD BE UNDERTAKEN, IF THAT WERE JUDGED APPROPRIATE.

THE CHALLENGE OF MONETARY REFORM IS ONE BOTH DEVELOPED AND DEVELOPED COUNTRIES MUST MEET QUICKLY AND DECISIVELY. LATIN AMERICA AND THE UNITED STATES SHARE A COMMON OBJECTIVE IN SUCCESSFUL REFORM. IT IS AN OPPORTUNITY AND IMPORTANT CHALLENGE FOR US, FOR IF THE SYSTEM DOES NOT PERMIT ALL NATIONS, INCLUDING THE UNITED STATES, TO REACH AND STAY IN EQUILIBRIUM, RESTRICTIONS ON THE FLOWS OF DEVELOPMENT ASSISTANCE, PRIVATE CAPITAL, AND TRADE WILL BE INEVITABLE.

TO BE FULLY EFFECTIVE, REFORM OF THE MONETARY SYSTEM MUST BE ACCOMPANIED BY REFORM OF THE TRADING SYSTEM. THERE IS NOW A GREAT OPPORTUNITY FOR PROGRESS IN THE REDUCTION OF TARIFFS AND OTHER BARRIERS TO INTERNATIONAL TRADE. MULTILATERAL TRADE NEGOTIATIONS WILL BEGIN IN THE GATT IN SEPTEMBER, IN WHICH I EXPECT LATIN AMERICAN NATIONS WILL TAKE AN ACTIVE PART. THE GREAT CHANGES WHICH HAVE OCCURRED IN THE STRUCTURE OF WORLD ECONOMIC AND FINANCIAL POWER REQUIRE CHANGES IN TRADING RULES WHICH STRIKE A FAIR BALANCE BETWEEN THE LEGITIMATE INTERESTS OF INDIVIDUAL NATIONS-- INCLUDING THE DEVELOPING NATIONS AND THE NEED FOR A COOPERATIVE WORLD-WIDE APPROACH.

THIS IS THE SPIRIT IN WHICH PRESIDENT NIXON HAS PROPOSED BROAD NEW LEGISLATIVE AUTHORITY FOR TRADE NEGOTIATIONS. THE REQUESTED AUTHORITY WOULD INCLUDE-- AND LOOK TOWARD-- REDUCTIONS IN BOTH TARIFF AND NON-TARIFF BARRIERS. THE LEGISLATION HAS AS ITS FUNDAMENTAL PREMISE THAT EVERY NATION LIMITED OFFICIAL USE
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CAN AND SHOULD BENEFIT FROM EXPANDING TRADE AND OPEN TRADING PRACTICES, WITHIN THE BASIC FRAMEWORK OF A COMPETITIVE MARKET SYSTEM. THAT OPERNESS, HOWEVER, MUST ALSO BE COMBINED WITH FAIRNESS FOR ALL NATIONS.

IT IS IN THE ELIMINATION OF NON-TARIFF BARRIERS THAT THE MUTUALITY OF OBJECTIVES BETWEEN THE UNITED STATES AND LATIN AMERICAN NATIONS IS PERHAPS GREATEST. A REDUCTION IN THE BARRIERS TO AGRICULTURAL IMPORTS WORLD-WIDE WOULD BRING MAJOR BENEFITS TO OUR ECONOMIES. BENEFITS WOULD ALSO ACCRUE FROM A NEGOTIATION WHICH WOULD REVERSE THE TREND TOWARD INWARD LOOKING REGIONALISM BASED ON PREFERENCES FOR PARTICULAR COUNTRIES AND GROUPS OF COUNTRIES.

IN SOME INSTANCES, OPEN MARKETS AND FREE TRADE CAN BRING CHANGE WITH DISRUPTIVE SPEED. OUR PROPOSED LEGISLATION RECOGNIZES THIS. LIKE OTHER COUNTRIES, WE NEED EFFECTIVE SAFEGUARDS WHEN EXCESSIVE HARDSHIPS ARE IMPOSED ON DOMESTIC WORKERS AND BUSINESS BY SURGES IN IMPORTS. THE AIM OF SUCH SAFEGUARDS IS NOT TO AVOID ADJUSTMENT, BUT TO EASE THE BURDENS OF ADJUSTMENT FOR A TRANSITIONAL PERIOD AND THEREBY FACILITATE THE PROCESS. SAFEGUARDS OF THE KIND WE HAVE IN MIND CAN MOST EFFECTIVELY BE WORKED OUT ON A CONSISTENT MULTILATERAL BASIS.

PROGRESS IN REDUCING BARRIERS TO TRADE IS SUSTAINABLE FOR THE UNITED STATES ONLY IF IT IS CLEAR THAT OUR OWN PRODUCTS RECEIVE FAIR AND NONDISCRIMINATORY TREATMENT. OUR PROPOSED LEGISLATION THEREFORE WOULD GIVE THE PRESIDENT BROADENED AUTHORITY TO RESPOND EFFECTIVELY TO RESTRICTIVE OR DISCRIMINATORY PRACTICES OF OTHERS. UNDER THIS AUTHORITY, THE PRESIDENT COULD, IF NECESSARY, RESTRICT THE ACCESS OF OTHERS TO THE UNITED STATES MARKET.

THE UNITED STATES ALSO REALIZES THAT DEVELOPING COUNTRIES FACE SPECIAL DIFFICULTIES IN ENTERING WORLD MARKETS, PARTICULARLY WHEN FIRST ATTEMPTING TO DIVERSIFY TO NON-TRADITIONAL EXPORTS. FOR THAT REASON THE TRADE BILL WOULD PERMIT THE UNITED STATES TO JOIN WITH OTHER INDUSTRIALIZED COUNTRIES IN PROVIDING DEVELOPING COUNTRIES ACCESS TO THE MARKETS OF THE INDUSTRIALIZED NATIONS. A BROAD RANGE OF MANUFACTURED LIMITED OFFICIAL USE LIMITED OFFICIAL USE

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PRODUCTS NOW REGULATED BY TARIFFS WOULD BE ACCORDED DUTY-FREE TREATMENT IN INSTANCES WHERE COUNTRIES IN THE EARLY STAGES OF INDUSTRIALIZATION ARE BEGINNING TO ENTER WORLD MARKETS.

MUCH PROGRESS TOWARDS ECONOMIC REFORM HAS ALREADY BEEN ACHIEVED. MUCH MORE IS IN THE OFFING. I APPRECIATED HAVING THE OPPORTUNITY TO DISCUSS THESE MATTERS AT SOME LENGTH WITH MANY OF YOU THIS WEEK. IT IS IMPORTANT TO CONTINUE THIS CONSULTATION. TO THIS END, I HAVE ASKED UNDER SECRETARY VOLKER TO ACT AS MY SPECIAL REPRESENTATIVE FOR CONSULTING WITH LATIN AMERICA ON THESE MATTERS, SO THAT WE MAY BETTER UNDERSTAND OUR COMMONALITY OF INTERESTS AND WORK COOPERATIVELY TOGETHER TOWARD THESE IMPORTANT GOALS.

TURNING SPECIFICALLY TO THE INTER-AMERICAN DEVELOPMENT BANK, I CONGRATULATE PRESIDENT ORTIZ MENA ON ANOTHER SUCCESSFUL YEAR FOR THE BANK, CARRIED OUT IN THE FACE OF AN INCREASINGLY DIFFICULT FUNDING PROBLEM. THE BANK HAS BEEN THE ENGINE-- THE DRIVING FORCE-- OF ECONOMIC DEVELOPMENT IN THE REGION AND MUST CONTINUE TO PLAY THAT ROLE. IT HAS SHOWN THE ABILITY TO PROVIDE A LARGE FLOW OF RESOURCES TO MEMBER COUNTRIES, AND-- EQUALLY IMPORTANT-- IT HAS BEEN ABLE TO

ADAPT ITSELF TO THE TIMES AND GO THROUGH THE DIFFICULT PROCESS
OF SELF- IMPROVEMENT.

BUT THE BANK MUST BE ADEQUATELY FUNDED IF IT IS TO
PLAY ITS PART IN FURTHERING THE DEVELOPMENT PROCESS. LEGITIMATE
QUESTIONS CAN BE DIRECTED AT THE UNITED STATES IN THAT REGARD.
I WOULD LIKE TO STATE OUR POSITION ON THE MATTER FRANKLY AND
FULLY.

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